

# DNRC SUPPLEMENTAL APPROPRIATION REQUEST

A Report Prepared for the

## **Legislative Finance Committee**

by

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## **STATUTORY REQUIREMENTS**

In accordance with 17-7-301, MCA, the Governor has submitted a potential transfer of appropriation from fiscal 2003 to fiscal 2002 to the Legislative Finance Committee (LFC) for comment and report. It is the obligation of the LFC to report to the Governor whether, in the committee's view, the request meets statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the requests.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) expenditures must be for an "unforeseen and unanticipated emergency" that causes the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) the requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression.

## **SUPPLEMENTAL APPROPRIATION REQUEST**

The Department of Natural Resources and Conservation is requesting a \$2.0 million general fund supplemental appropriation for wildfire costs. This is a request to transfer authority from fiscal 2003 to the current fiscal year. Wildfire costs have already been paid in fiscal 2002 with the department's general fund operating appropriations. If this supplemental is approved by the Governor, these costs will be shifted to the transferred appropriation. Next session, the legislature will be asked in the supplemental bill to increase fiscal 2003 authority by at least the transferred amount.

The legislature usually does not appropriate any funds to suppress fires (other than personal services appropriated for other purposes but spent on fire suppression), but pays for the costs through the supplemental appropriation process. The department's request consists of the following wildfire costs:

Table 1 Department of Natural Resources and Conservation March 2002 Estimated Supplemental Appropriation			
<b><u>PART 1:</u></b>			
<b><u>FY 2002 ACTUAL &amp; ESTIMATED FIRE COSTS</u></b>			
Actual State Protection Costs as of February 22, 2002	\$8,433,162		
U.S. Forest Service/BLM Estimated Bill	6,806,034		
Estimated Fall 2001/Spring 2002 Fire Costs	600,000		
DNRC Budgeted Cost	<u>(300,000)</u>		
PAID & ANTICIPATED OBLIGATIONS		\$15,539,196	
<b><u>PART 2:</u></b>			
<b><u>COSTS COVERED BY OTHER SOURCES</u></b>			
GOVERNOR'S EMERGENCY FUND ADVANCE	<u>(6,700,000)</u>		
Total Cost Covered by Other Sources		<u>(6,700,000)</u>	
Estimate of Unpaid Balance		<u>\$8,839,196</u>	
<b><u>PART 3:</u></b>			
<b><u>SUPPLEMENTAL APPROPRIATION</u></b>			
Estimate of Unpaid Balance		\$8,839,196	
Reimbursement from Other States		<u>(\$2,971,722)</u>	
Remaining Unpaid Balance			\$5,867,474
Supplemental Appropriation Request -- JUNE 2002 LFC			<u>(3,867,474)</u>
SUPPLEMENTAL APPROPRIATION REQUEST			<u>\$2,000,000</u>

Part 1 of the table shows total estimated costs for state-responsibility fires, including the anticipated bill from the federal government for assistance in fighting Montana fires. The department must: 1) pay \$8.4 million to cover actual state protection costs as of February 22, 2002; 2) pay an estimated \$6.8 million to federal agencies for their costs yet to be billed for fighting state fires; 3) set aside an estimated \$0.6 million for anticipated Spring 2002 wildfire costs; and 4) deduct \$0.3 million for personnel costs that had been budgeted in HB 2. These calculations bring the cost of fire suppression to approximately \$15.5 million.

Part 2 shows those portions of the cost that have been covered by non-DNRC funds such as the Governor's emergency fund. So far, the department has utilized \$6.7 million from the Governor's emergency fund.

Part 3 shows how the supplemental appropriation request has been calculated. The estimated remaining balance for fiscal 2002 fire costs is shown. Approximately \$3.0 million in reimbursements from other states for Montana's assistance in fighting their fires will be added back to the Governor's emergency fund and then utilized to pay for qualifying suppression expenses.

Thus, as shown \$3.0 million is subtracted from the unpaid fire cost balance to arrive at \$5.9 million of fire costs that remain. To pay for these costs, during the June 2002 LFC meeting, DNRC is planning on requesting a \$3.9 million supplemental appropriation. As Part 3 shows, this leaves a balance of \$2.0 million that DNRC is seeking in this request. LFD staff raises no issues or concerns of statutory compliance regarding this request.

## **OPTIONS FOR LFC ACTION**

The committee may take one of three actions:

- 1) Inform the Governor that the committee does not raise any issues of statutory compliance with the request.
- 2) Inform the Governor of statutory compliance issues with the request.
- 3) Take no action. The Governor cannot approve or deny either request for 90 days if the committee does not provide a formal report.

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